

HOT TOPICS 2014

The following is a listing of *possible* "hot topics" for 2014. Beginning on the next page, items are listed by committee and in no particular order of priority. The inclusion of items herein does not mean that legislation is anticipated, but rather that the issue has received sufficient public comment to justify a belief that the legislature, as representatives of the public, *may* address the issue in 2014.

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Agriculture Committee

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- **Farm Bill**

Passage of the Federal Farm Bill

An issue that continues to be of significant concern to the Louisiana Department of Agriculture and Forestry and Louisiana farmers is the long overdue renewal of the federal Farm Bill. While the House approved a one-month extension of farm law, the Senate did not, so the Farm Bill remains in conference committee with a number of issues to be resolved. Negotiators have been working since late October to reach a compromise on the bill with most of the attention being paid to the differences in cuts to the Supplemental Nutrition Assistance Program (SNAP) as well as farm-related issues such as dairy policies. Once a framework agreement is announced, a formal meeting of the full conference committee will finalize legislation to send to the floor of both chambers. After Congress deals with the appropriations measure, the Farm Bill is expected to be the next piece of major legislation up for passage.

Appropriations Committee

- **State Revenue Outlook**
 - **Privatization and Sale of State Services and Assets**
 - **General Appropriation Bill Independent of the Governor**
 - **Funding for Non-Governmental Organizations (NGO)**
 - **Funding for Public Postsecondary Education**
 - **Taylor Opportunity Program for Students (TOPS)**
 - **Deferred Maintenance for Higher Education**
 - **Minimum Foundation Program**
-

State Revenue Outlook

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While revenues are projected to increase slightly in Fiscal Year (FY) 14-15, an increase in projected continuation expenditures are causing a projected revenue shortfall of approximately \$605 million for FY 14-15. The governor is required to submit a balanced budget to the legislature, so discussions in the upcoming session will include how the governor balanced the budget with available revenue.

Over the last several years, the budget has relied on additional funding for ongoing operations through a variety of measures, including tapping balances of various funds and dedicating proceeds from certain lawsuits, bond repayments, sales of assets, privatization agreements, and tax amnesty. Many of these revenue sources are collected and then deposited into a fund, often the Overcollections Fund, in order to be appropriated for state expenditures. In prior years, the money generated from these transactions were not included in the official forecast.

Act No. 419 of the 2013 Regular Session emphasized that the state budget should spend only revenues forecast by the Revenue Estimating Conference (REC). Additionally, the Constitution of Louisiana requires that the REC designate forecast revenue as either recurring or nonrecurring. The impact of Act No. 419 on the use of one-time money is likely to be an issue in the upcoming session.

The Revenue Estimating Conference met in January to recognize additional revenues expected to be available for appropriation from various funds for the current year and for the upcoming FY 14-15. The REC determined that the nature of the amnesty funds collected in the most recent rounds of amnesty are recurring due to the three-year nature of the amnesty program. They also determined that the revenues deposited into the Overcollections Fund for FY 14-15 are non-recurring; however additional revenues that will come into the fund in the current year were designated as recurring. Revenues designated as non-recurring cannot be spent on general state operational costs, as the Constitution of Louisiana places limits as to how non-recurring funding can be used, including for roads, capital outlay projects, making payments towards the unfunded accrued liability of certain state retirement systems, defeasance of bonds, or for deposit into the Budget Stabilization Fund and Coastal Protection and Restoration Fund.

Privatization and Sale of State Services and Assets

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Proposals to address budget shortfalls last year included privatizing state hospitals and the sale of several state buildings and land. Discussions or proposals to sell or privatize some parts of state services or state assets may again be a topic in the upcoming session.

General Appropriation Bill Independent of the Governor

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Interim discussions regarding the legislature creating a budget bill independent of the governor may also be a topic during the upcoming session. House Concurrent Resolution No. 158 of the 2013 Regular Session of the Legislature created the Ad Hoc Interim Joint Legislative Committee on Budgetary Procedure to “study the feasibility of changing the format and procedure regarding the development, implementation, and review of the state budget”. The committee reviewed other states in which the legislature develops a budget bill independent of the governor and how their practices might be used as a guide for Louisiana. The committee determined that many issues, such as staffing and resource requirements for an independent budget, need to be researched and possibly discussed

further. Legislation regarding the format and procedures of the General Appropriation Bill could be a topic for discussion in the upcoming session.

Funding for Non-Governmental Organizations (NGO)

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Recent media reports and op-ed pieces regarding state funding to non-governmental organizations (NGO's) have called for a review of the processes and requirements for an NGO to receive funding. State funding to NGO's is primarily provided through line items in an appropriation bill, in the capital outlay bill, or through a contract with a state agency. The processes in place for an NGO to receive state funding and the measures taken to ensure the NGO spent the money as intended could be of interest and discussion during the upcoming session.

Funding for Public Postsecondary Education

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In FY 13-14 Higher Education's general fund was reduced \$289 million and replaced with \$289 million of Overcollections Fund dollars. These revenues were funded via one-time or non-recurring initiatives (fund sweeps, hospital lease payments, property sales, pharmaceutical settlements, etc). These funds will have to be replaced in FY 14-15 to maintain the same level of funding for higher education.

Last year, efforts were made to clarify the role of the Board of Regents as the entity with the authority for driving performance improvements in postsecondary education and making changes to certain components of the Louisiana Granting Resources and Autonomy for Diplomas Act (GRAD Act). Issues such as tuition autonomy (tuition authority at Board of Regents/management boards), differential tuition prices (by program), and charging tuition per credit hour after 12 hours (currently capped at 12 hours a semester) have been heard before, and are likely to be revisited in the upcoming session.

Efforts also may include changes to the Board of Regents' postsecondary education funding formula. Currently, the Board of Regents funding formula has been used to distribute shrinking state funds to academic institutions, and these budget cuts have hampered the Board of Regents' ability to fully implement the funding formula by its original intent. Other methodologies to distribute excess funding may be considered by higher education leadership.

Taylor Opportunity Program for Students (TOPS) (also see page 10)

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The Taylor Opportunity Program for Students (TOPS) is projected to grow nearly \$18 million in FY 14-15 and will continue to increase an additional \$20 million each subsequent year. There have been several recommendations made by members of the Tuition Task Force, education leaders,

policymakers, study groups, and others. One idea calls for raising TOPS eligibility standards, with any excess funding going to GO Grants, and another idea proposes to set standard or fixed amounts for TOPS awards thereby "decoupling" award amounts from tuition and tying them to a more appropriate cost index. Legislation to alter or modify TOPS may be introduced in the upcoming legislative session.

Deferred Maintenance for Higher Education

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The backlog of nearly \$1.8 billion of deferred maintenance projects continues to grow for Louisiana postsecondary institutions. Act No. 426 of the 2013 Regular Session established a Building Use Fee to aid institutions in part with these projects, and to construct, acquire, repair, maintain, operate, or improve the facilities and physical infrastructure of the institution collecting the fee. Also during the 2013 Regular Session, the four higher education management boards received \$10 million each in one-time revenues for deferred maintenance and general operations. If this funding is to be maintained on a recurring basis (added to higher education's base level of funding), then a recurring source of revenues will need to be identified to replace these funds.

Minimum Foundation Program (MFP)

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Prior to FY 08-09, the base per pupil amount in the Minimum Foundation Program (MFP) formula received an inflationary increase most years; however, the base per pupil amount has been frozen since FY 08-09. During the 2013 Regular Session, an additional \$69 million was added to the Department of Education's budget, of which no less than 50% was devoted to teacher pay raises and associated benefits. There could be discussion in the upcoming session as to whether the increase is incorporated into the forthcoming MFP formula.

In January 2014, the State Board of Elementary and Secondary Education (BESE) received recommendations from the MFP Task Force including a 2.75% increase in the FY 14-15 MFP formula. The task force made several other recommendations, but the increase recommended for the MFP is likely to cause discussion during the upcoming legislative session. The 2.75 % increase as recommended by the task force for FY 14-15 would increase the base per pupil amount, but would not be restricted in its use, allowing districts the flexibility to meet costs related to retirement obligations, salary, special education, technology, and other needs.

Civil Law & Procedure Committee

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- **Limitation of Liability**
 - **Mineral Rights/Property Rights**
 - **Civil Procedure**
-

Limitation of Liability

Each year a multitude of bills are introduced in an attempt to limit the liability of various governmental and private organizations. Some of the most common limitation of liability topics involve the state's liability for such things as road hazards, municipalities and parishes for events and festivals, and doctors' and other medical professionals' liability for acts of medical malpractice. Most recently, the liability of oil and gas companies for damages to the coast has become a "hot topic".

Mineral Rights/Property Rights

Since the discovery and development of the Haynesville shale natural gas fields and the Tuscaloosa oil shale, many issues and questions regarding both mineral rights and other property rights have become "hot topics". What were once mostly dormant issues of determining ownership and boundaries of tracts of rural land have become of increased interest with the prospect of income from mineral royalties.

Civil Procedure

Another area of interest each year is the Code of Civil Procedure, and in particular, the limitations on jury trials. Legislation is typically introduced every general session attempting to raise or lower the required dollar amount in controversy in order to be entitled to a jury trial.

Commerce Committee

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- **Payday Lending**
 - **Internet Security and Social Media Monitoring**
 - **Pawnbrokers and Scrap Metal Dealers**
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Payday Lending

Payday lending, sometimes referred to as predatory lending, continues to be a major area of concern for consumers and lawmakers across the country. Generally, these practices are believed to target and adversely affect vulnerable, low-income Americans. Much of the discussion on this topic deals with concepts of how to stop such practices to enhance the safety and economic security of affected groups.

Internet Security and Social Media Monitoring

Internet security and social media monitoring have become increasingly widespread issues. Privacy advocates generally support legislation that restricts an employer or educational institution from requesting internet and social media account information. However, they also believe that laws protecting such accounts should allow employers and educational institutions to carry out necessary oversights, such as the ability to investigate an allegation of impropriety.

Pawnbrokers and Scrap Metal Dealers

The sale and intake of goods by pawnbrokers and scrap metal dealers continue to be issues. Brokers, dealers, sellers, and victims of theft all continue to struggle with how to best regulate the process of pawning goods and buying and selling precious metals.

Criminal Justice Committee

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- **Corrections Costs**
 - **Expungement**
 - **Firearms Regulation**
 - **Human Trafficking**
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Corrections Costs

Recently, public interest has focused on the high cost of incarceration and the overall cost of the administration of criminal justice. Focus on this area has largely centered around the imposition of minimum mandatory sentences and the use of longer prison sentences for non-violent offenders. Other areas of importance with regard to this issue include addressing eligibility criteria for parole consideration.

Expungement

A comprehensive revision to the laws regarding expungement will make it a "hot topic" for the 2014 Regular Session. The revision will affect eligibility for expungement and provide for a uniform system and procedure for ordering expungements throughout the state.

Firearms Regulation

Firearms regulation continues to be a "hot topic" for the legislature. In 2012, the people of the state of Louisiana ratified a change to the Louisiana Constitution which stated that the right to keep and bear arms is a fundamental right which shall not be infringed. Additionally, the amended constitution provided that any restrictions on the right to keep and bear arms shall be subject to strict scrutiny. The change has resulted in constitutional challenges to various firearms provisions in Louisiana law. As a result, anticipated legislation includes addressing some of the issues raised by the change in the constitution.

Human Trafficking

With consistent legislation since 2005, the issues of human trafficking and the trafficking of children for sexual purposes continue to be a "hot topic" for the legislature. In recent years, Congress has focused its attention on the national issue of domestic sex trafficking of minors, which is the commercial sexual exploitation of American children within U.S. borders. In order to further combat this issue and address the matter at a state level, many states, including Louisiana, have focused on policy changes in four major areas which include: (1) eliminating demand; (2) prosecuting traffickers; (3) identifying victims; and (4) providing protection, access to services, and shelters for

victims.

Most recently, focus in this area has shifted specifically to addressing the needs of trafficking victims and to enforcing prostitution-related laws against those persons who drive the demand for such services, i.e., the person who purchases the services of the prostitute.

Education Committee

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- **Common Core State Standards**
 - **Student Data**
 - **Taylor Opportunity Program for Students (TOPS)**
 - **Tulane Scholarships**
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Common Core State Standards

A variety of instruments will likely be introduced in the upcoming session to address the issue of Common Core State Standards (CCSS) in Louisiana. These will likely include bills to prohibit or delay implementation of CCSS, to prohibit or delay the related student assessments (PARCC – Partnership for Assessment of Readiness for College and Careers – assessments), to address the costs associated with implementation of CCSS, to require legislative approval of student standards, and to permit local school systems to develop and implement their own standards in lieu of CCSS.

Common Core State Standards were developed by experts, educators, and others at the national level and were adopted as Louisiana standards by the State Board of Elementary and Secondary Education in 2010. Implementation of CCSS in Louisiana is ongoing and the PARCC assessments are scheduled to be administered to students beginning in 2014.

Student Data

It is anticipated that legislation will be introduced in the upcoming legislative session with regard to the collection, storage, and sharing of student data by and with the state Department of Education, the State Board of Elementary and Secondary Education, local school boards, and other public and private agencies or entities. The issues to be addressed may include prohibitions or limitations on the type of information to be collected and the storage and sharing of such information, disclosure requirements, and parental consent requirements – all as it relates to the protection of a student's right to privacy.

Taylor Opportunity Program for Students (TOPS) *(also see page 5)*

To address the lingering concerns of many in the state about how to maintain the TOPS program for students despite ongoing fiscal challenges and rising college tuition costs, it is likely that legislation

will be introduced in the upcoming session to include capping the program at a certain level, increasing the academic standards required for students, converting TOPS into a loan repayment program, and awarding TOPS scholarships in increments based on a student's performance and grade level in college.

Tulane Scholarships

State law provides for Tulane University to grant free undergraduate tuition for one student nominated by each legislator. Students must meet certain requirements established by the university. The scholarship has been much discussed in the media, including issues related to granting scholarships to family members of elected officials and disclosure of information about who receives scholarships. Legislation may be introduced to abolish the scholarships or to place restrictions on them and require greater transparency concerning the scholarship program.

Health and Welfare Committee

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- **Health Care Reform: Medicaid Expansion** (*also see Affordable Care Act on page 13*)
- **System of Services for Persons with Developmental Disabilities**
- **Miscellaneous Health Protection and Promotion Initiatives**

Health Care Reform: Medicaid Expansion

The U.S. Supreme Court decision announced in June, 2012, concerning the Affordable Care Act (ACA) rendered the proposed nationwide expansion of Medicaid eligibility provided in the ACA optional for individual states. Since that time, 25 states and Washington, D.C. have accepted federal funding to expand Medicaid per ACA guidelines to cover individuals and families with incomes up to 133% of the federal poverty level (approximately \$31,320 in annual household income for a family of four). Shortly after the Supreme Court decision, Governor Jindal announced a decision to reject Medicaid expansion in this state. Louisiana legislators filed numerous bills and resolutions in the 2013 Regular Session relative to Medicaid expansion, with most instruments intended to cause Louisiana's participation in the expansion, and one (a proposed constitutional amendment) opposed to the expansion. No instrument relative to Medicaid expansion having the effect of law was finally passed in 2013. While states that heretofore have not expanded Medicaid can opt in to the expansion at any point, the federal percentage of financing for benefits for the expansion population will begin decreasing from 100% in 2017 and is scheduled to drop to 90% in 2020 and beyond. An analysis conducted by the Legislative Fiscal Office on 2013 Medicaid expansion legislation found that had the expansion been implemented starting Jan. 1, 2014, the resulting State General Fund savings would have been \$106 million to \$111 million per year from 2014 through 2018, totaling \$532 million to \$554 million savings for the period, due to the sizeable share of financing the federal government would have committed to the state's Medicaid program (source: Fiscal Note on House Bill No. 233-Original of the 2013 RS). In response to this analysis, La. Department of Health and

Hospitals officials asserted that providing health care coverage through the expansion would be too costly, and that persons who lack Medicaid or other insurance can access care through the state's system of safety net hospitals.

Nationally, recent developments of note concerning Medicaid expansion have included the Centers for Medicare and Medicaid Services (CMS - the federal Medicaid agency) approving the plans of two states, Arkansas and Iowa, to implement the expansion through programs offering premium assistance for newly eligible beneficiaries to purchase coverage through health insurance marketplaces created by the ACA. At the time of this writing, CMS is evaluating plans submitted by two other states, Florida and Pennsylvania, to implement the expansion through this type of program, which is now frequently referred to as the "private insurance option."

System of Services for Persons with Developmental Disabilities

The Office for Citizens with Developmental Disabilities (OCDD) within the Department of Health and Hospitals (DHH) has begun transforming the system of services it provides to persons with developmental disabilities. The stated purposes of the OCDD system transformation are to improve community services for persons with developmental disabilities utilizing Medicaid waiver programs, the EarlySteps program (early intervention for toddlers with disabilities), and services supported by state general funds. Areas targeted for improvement include accessibility of services and the quality, cost-effectiveness, and efficiency of service delivery. Through this effort, DHH intends to serve more persons through home- and community-based services (HCBS), achieve cost effectiveness through utilizing HCBS in lieu of institutionalization, reduce reliance on private and public institutional settings, provide access to appropriate services based upon need, and increase utilization of natural and community supports versus paid supports.

The state is following the Managed Long-Term Supports and Services "Timeline of Key Milestones" for decision-making, design, procurement, and implementation as recommended by the Centers for Medicare and Medicaid Services (CMS - the federal Medicaid agency). The recommended decision-making process includes opportunities for stakeholder input. Timeline information may be accessed at www.medicaid.gov/mltss. DHH initiated this effort in September, 2013, and expects the process to take approximately 25 months, with planning comprising the first 12 months. In the thirteenth month (September, 2014), DHH expects to begin implementation by putting financial aspects of the system into effect and seeking formal approval from CMS to proceed.

Miscellaneous Health Protection and Promotion Initiatives

State legislatures are undertaking efforts intended to improve public health through a wide variety of initiatives focusing on prevention of illness and promotion of healthy behaviors. These include programs to educate the public about health choices, facilitate healthier lifestyles through community supports, prevent outbreaks and the spread of infectious diseases, and reduce health risks by regulating levels of toxic chemicals - such as formaldehyde, dibutyl phthalate, and bisphenol-A - in personal care items and other consumer products.

Other current state legislative efforts focus on the safety of food and water. Notable among these are proposed regulations on the production and sale of organic and raw foods intended to increase access to healthy and nutritious food while preventing the spread of foodborne diseases. State

legislatures are also considering bills to increase consumer awareness of potential threats to health from products and services ("e-cigarettes" and tanning beds, for example); to strengthen industry accountability for managing potential health risks; and to improve effectiveness in enforcement of product safety and public health laws.

Insurance Committee

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- **Affordable Care Act** (also see *Health Care Reform: Medicaid Expansion* on page 11)
 - **Biggert-Waters Flood Insurance Reform Act of 2012**
 - **Automobile Insurance Rates**
-

Affordable Care Act

Various issues regarding the Affordable Care Act, including compliance and implementation, continue to be hot topics.

Most recently there have been questions centered around the decision to not create a state health insurance exchange. Several states want to know whether Affordable Care Act subsidies are available to individuals obtaining policies through the federal insurance exchanges that reside in states that did not create their own exchanges. If those subsidies are not available in states with federal exchanges, consumers in thirty-four states, including Louisiana, could potentially be ineligible to receive them. Any state interested in creating its own exchange has until October 15, 2014, to apply for federal funds to finance the creation of a state exchange.

Licensing standards for Affordable Care Act navigators is a concern. Louisiana currently has no licensing requirements in place for navigators who assist individuals in obtaining health insurance through the federal exchange. The Department of Insurance has issued a rule that sets out very minimal requirements for navigators.

Biggert-Waters Flood Insurance Reform Act of 2012

There has been concern regarding increases in flood insurance premiums as a result of the Biggert-Waters Act. There are efforts in both houses of Congress to delay the rate increases for periods ranging from one year to four years while additional study of the FEMA flood maps occurs. Several bills addressing the rate increases, including those supported by Senator Landrieu and Senator Vitter, await congressional action.

Automobile Insurance Rates

Louisiana currently has the second highest automobile insurance rates in the country, according to a recent survey published by *Money* magazine. There is discussion that lowering the amount of damages claimed by a plaintiff that enables a defendant in a lawsuit to request a jury trial could lower automobile insurance rates. Proponents of lowering the threshold (in Louisiana, \$50,000) argue that juries tend to be less generous than judges in awarding damages to plaintiffs, and that lowering the amounts paid by insurance companies on claims made as a result of automobile accidents will result in lower premiums.

Judiciary Committee

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- **Judges**

Judges

The Legislature passed HCR No. 143 in the 2011 Regular Session, which urged and requested the Supreme Court to conduct a comprehensive study of the caseload data and the number of judges of each appellate court, district court, parish court, and city court in Louisiana to determine changes necessary to the existing structure of the judiciary to provide the most efficient use of judicial resources. The resolution requested the Supreme Court to report its findings and recommendations regarding the courts of appeal and parish courts to the Louisiana Legislature prior to February 15, 2012, and to report its findings and recommendations regarding the district courts and city courts to the Louisiana Legislature prior to February 15, 2014. The report on the parish courts was submitted to the Legislature on February 14, 2012. The upcoming session could bring legislation that could reduce the number of judges in certain courts throughout the state.

Labor and Industrial Relations Committee

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- **Minimum Wage Increases**
 - **"Ban the Box"**
 - **Pay Equity**
-

Minimum Wage Increases

In March, 2013, Congress introduced the Fair Minimum Wage Act of 2013 which would increase the federal minimum wage by a system of three annually occurring raises followed by the use of a

formula for annual increases thereafter. The first step is an increase to \$8.20 per hour, then \$9.15 per hour one year after the bill is enacted, \$10.10 per hour after two years, and finally, the bill provides for increases based on the Consumer Price Index after three years and annually thereafter. The Fair Minimum Wage Act also increases the federal minimum wage for tipped employees from \$2.13 to \$3.00 per hour for the first year after becoming law and provides a formula for subsequent annual adjustments of the wage increase to ensure that it remains equal to 70% of the wage in effect under the Fair Labor and Standards Act for other employees.

Alongside a movement for an increase of the federal minimum wage, in 2013, 34 states, Washington, D.C., and Puerto Rico, introduced legislation regarding minimum wage. This legislation varies and often includes a raise of the state minimum wage in general, increases for tipped workers, or both.

A number of cities across the country have recently enacted their own citywide minimum wages that are higher than the state and federal minimum wages. This trend, along with "living wage" legislation, seems to be gaining momentum across the nation.

"Ban the Box"

The "Ban the Box" movement is coming to the forefront in many states across the nation. The phrase originates from the box on an application for employment that must be checked if the applicant has a criminal history. Proponents of "Ban the Box" seek to prohibit employers from inquiring about an applicant's criminal history on the initial written employment application. According to the National Conference of State Legislatures, currently nine states limit the use of criminal records during the hiring process.

Pay Equality

Pay Equality, also referred to as Equal Pay for Women, has been a hot topic for several years within the state of Louisiana and the nation. Last year, the Louisiana Legislature passed the Equal Pay for Women Act. The Equal Pay for Women Act requires pay equality for women who are employed by any department, office, division, agency, commission, board, committee or other organizational unit of the state of Louisiana. In addition to the Equal Pay for Women Act, a resolution was passed which created the Fair Pay Task Force. The Fair Pay Task Force has been studying possible causes of wage disparities between men and women and has been charged with the task of making recommendations for policy change and legislation to prevent and eliminate these disparities.

Natural Resources and Environment Committee

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- **Federal Funding from the RESTORE Act and the Gulf of Mexico Energy Security Act**
 - **Coastal Lawsuits Against Oil and Gas Companies**
 - **Legacy Lawsuits**
 - **Mississippi River Diversions**
-

Federal Funding from the RESTORE Act and the Gulf of Mexico Energy Security Act (GOMESA)

Louisiana can potentially receive billions of dollars from the RESTORE Act which sends 80% of the fines collected from the Deepwater Horizon oil spill to the gulf coast states affected. Likewise, the state can potentially receive billions from GOMESA which shares a portion of the royalties collected for oil and gas activities conducted on the outer continental shelf (OCS) with the states. All the gulf coast states are moving to ensure they have the ability to effectively and efficiently use these funds to rebuild, protect, and invest in their coastal areas.

Coastal Lawsuits Against Oil and Gas Companies

The Southeast Louisiana Flood Protection Authority - East filed a lawsuit against almost 100 oil, gas, and pipeline companies alleging the companies ignored state laws that required coastal land used by oil and gas companies to be maintained properly and eventually restored to its original condition. Further, the suit alleges that these failures contributed to damaging the wetlands along the east bank and diminishing the levees' ability to withstand the effects of hurricane storm surges. By the end of 2013, the parishes of Jefferson and Plaquemines filed similar lawsuits.

Legacy Lawsuits

Since the later half of the last decade, landowners have sought damages from oil and gas companies for contamination of both their land and the ground water and failure to restore land to its original condition after conducting oil and gas activities. Most of these activities were conducted by the "major" oil companies before environmental regulations were in place. Since 2006, legislation has been filed, and some passed, to address this issue. However, after an unfavorable ruling from the state Supreme Court last year, more legislation is rumored to be filed in the 2014 Regular Session.

Mississippi River Diversions

The administration, through the Coast Protection Restoration Authority, has been pushing for major projects to divert fresh sediment laden Mississippi River water into the wetlands areas to mimic the natural yearly flooding that occurred before the U.S. Army Corps of Engineers constructed the levee system. The yearly flooding created land and prevented the evaporating coastline we have today.

Concerns have been voiced by the shipping industry over shoaling created by the diversions and commercial fishing over the effect of the change in salinity in the estuary ecosystem.

Retirement Committee

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- **Cost-of-Living Adjustments (COLAs)**
 - **Governmental Accounting Standards Board Statement Nos. 67 & 68**
-

Cost-of-Living Adjustments (COLAs)

For the first time since 2008, all four state retirement systems (LASERS, TRSL, LSERS, and STPOL) have money available in their experience accounts to grant COLAs to retirees and beneficiaries. The mechanism in present law for granting COLAs uses investment gains achieved by the system to fund these benefit adjustments. The debate on whether to grant COLAs will likely focus on how long it has been since the last increase and the overall actuarial soundness of the systems.

Governmental Accounting Standards Board (GASB) Statement Nos. 67 & 68

The Governmental Accounting Standards Board (GASB) recently issued two new directives that impact government financial statements, including those of local governments. The new directives are complex, but in general they require each public retirement system to perform a separate valuation for financial statement purposes using different assumptions than the system uses for determining funding requirements. This will change how the funding of the system looks. Additionally, in the near future, state and local governments will have to carry a portion of the unfunded accrued liability of every retirement system their employees are in on their financial statements. Note that these new directives only impact financial statements; they do not impact how the systems are funded or how they operate.

Transportation Committee

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- **Red Light Cameras**
 - **Funding for Transportation Infrastructure Projects**
 - **Real ID**
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Red Light Cameras

The use of red light cameras to ticket drivers for running red lights continues to be an issue. The intricacies of the issue are many but include: ticketing drivers with an excess speed of less than 10 miles under the speed limit, whether or not the use of the systems increase rear end crashes, and the authority of municipalities to put the systems in place. On January 9, 2014, the Attorney General weighed in on the issue in Opinion No. 11-0152 by providing that R.S. 32:365(B) does not prohibit municipalities from enacting local ordinances authorizing the use of automated traffic enforcement systems.

Funding for Transportation Infrastructure Projects

Funding for transportation infrastructure projects continues to be an issue. Proponents for enhanced funding report that the need for new capacity projects and continued maintenance to existing infrastructure continues to grow as the buying power of the gas tax is diminished. Legislators continue to search for sources of alternative funding for these infrastructure projects.

Real ID

Louisiana driver's licenses and identification cards do not meet all the requirements of the 2005 federal Real ID Act. The Real ID Act requires states to make changes to the procedure and safety protocol for identification. In 2008, Louisiana passed legislation prohibiting the Department of Public Safety and Corrections, office of motor vehicles, from implementing the Real ID Act. In the fall of 2012, there was concern that Louisiana-issued credentials would not be accepted for air travel. The federal Department of Homeland Security issued a deferment of at least six months for states whose credentials do not meet the requirements of the Real ID Act. This deferment temporarily alleviates concerns for Louisiana citizens embarking on air travel. However, this issue may be raised again during the 2014 Regular Session.

Ways and Means Committee

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- **Tax Amnesty**
 - **Sales and Use Taxes - Collection of Existing Taxes on Online Sales**
-

Tax Amnesty

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Act No. 421 of the 2013 Regular Session established the Louisiana Tax Delinquency Amnesty Act of 2013. The 2013 amnesty period which gave eligible taxpayers the opportunity to pay all taxes due, with a waiver of 100% of the penalties and 50% of the interest was in effect from September 23 through November 22, 2013. The Department of Revenue (DOR) reported that total collections during the 2013 amnesty period was approximately \$449 million. However, \$67 million was paid using transferable tax credits which will be applied at increments of approximately \$22 million over each of the three years of the amnesty program. Of the \$449 in total amnesty collections, DOR will retain \$32 million which includes the costs associated with the administration of the amnesty program as well as an amount equal to the penalties and fees waived by the program. All receipts, except those retained by DOR, are to be deposited into the 2013 Amnesty Collections Fund. Two hundred million dollars of the amnesty collections have been appropriated in the General Appropriations Bill for FY 13-14 to the Department of Health and Hospitals (DHH) for Medicaid payments. This leaves approximately \$195 million available for expenditure in FY 14-15.

In January 2014, the Revenue Estimating Conference officially designated the tax amnesty money as recurring revenue which means that amnesty collections can be used in the state operating budget for recurring expenditures.

According to the Department of Revenue, the 2014 amnesty period in which eligible taxpayers will have the opportunity to pay all taxes due with a waiver of 15% of the penalties associated with the tax periods for which amnesty is applied is expected to yield approximately \$100 million in collections.

Sales and Use Taxes - Collection of Existing Taxes on Online Sales

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The collection of sales and use taxes on the sale of items purchased over the Internet is a concern for all state and local taxing authorities in the country since online purchases continue to erode state and local sales tax bases. Louisiana's sales and use tax which imposes both state and local sales and use taxes on transactions involving tangible personal property is one of the state's two main revenue sources. In the case where no sales tax is collected at the time of sale, the purchaser is legally

required to report the use tax which is due on that transaction by including it on their state income tax return. Historically, compliance with the reporting and payment of use tax has been very low.

The U.S. Supreme Court's interpretation of the U.S. Constitution limits a state or local government's authority to require a remote seller to collect and remit a sales tax which is due on a purchase destined for Louisiana. Currently, there is a bill pending before congress known as the "Marketplace Fairness Act" which would grant this authority to states. The instrument passed the Senate in 2013, and is at the committee stage in the House of Representatives. This instrument is widely considered to be a consensus plan and could be enacted by congress later in 2014.

The present version of the Marketplace Fairness Act grants states the authority to collect state and local taxes already owed under state law, but it contains requirements that will likely be challenging for Louisiana to implement with respect to the collection of local taxes. The requirements generally mandate simplification of the state and local sales tax system so as to assist remote sellers in complying with state laws regarding tax collection. Of particular interest to Louisiana would be the requirement for one "state-level agency" to administer and collect state and local taxes, along with a requirement for one tax base for each state.

Louisiana's constitution authorizes the levy and collection of sales and use taxes by local governments and school boards and requires that there be a single collector or central collection commission for all sales and use taxes levied within a parish. In Louisiana, local taxes are collected at the local level and local taxing authorities have discretion over the composition of their tax base.

While states wait for congressional action on this issue, a number of states have enacted a variety of policies to attempt to enforce tax collection on these transactions. These are mostly based upon either a requirement that the seller notify the purchaser of the taxable nature of the transaction, or the establishment of a "tax nexus" through some type of bricks and mortar presence in the state that could then trigger a duty to collect the tax as a dealer doing business in that state.